

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 10, 2008
POSITION: Neutral
SPONSOR: California Alliance for Retired Americans

BILL NUMBER: AB 2842
AUTHOR: P. Berg

BILL SUMMARY: Solicitation: Unfair Business Practices

This bill would make it an unfair business practice to market a Medicare product using cold lead advertising, which is a marketing method that does not disclose that the purpose of the solicitation is to market a health care service plan or insurance policy. The bill would also make it an unfair business practice to use an appointment made to discuss one Medicare product in order to solicit the sale of another Medicare product, unless agreed to by the consumer prior to the appointment.

FISCAL SUMMARY

DMHC estimates costs for this bill to be minor and absorbable within existing resources.

COMMENTS

Finance is neutral fiscally and defers to the Department of Managed Health Care on the policy of this bill.

The bill is in response to concern over fraudulent and deceptive practices used by health plan representatives and brokers to solicit sales from senior citizens of Medicare plans. In 2003, the federal government enacted Medicare prescription drug coverage. This coverage has caused confusion because of the large number of plans and complicated enrollment procedures. In general, senior citizens, disabled individuals and others eligible for Medicare tend to be at risk for victimization by fraud and misrepresentation.

Existing law prohibits the misrepresentation of the true nature of an insurance company, policy or product. The law also requires health plan representatives and brokers to provide consumers age 65 and older marketing and solicitation of health plan and insurance products that is consistent with honesty, good faith and fair dealing.

		SO	(Fiscal Impact by Fiscal Year)							
Code/Department		LA	(Dollars in Thousands)							
Agency or Revenue		CO	PROP						Fund	
Type		RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	Code
2400/MngedHltCare		SO	No	----- No/Minor Fiscal Impact -----					0933	
<u>Fund Code</u>	<u>Title</u>									
0933	Managed Care Fund									

Analyst/Principal (0741) E. Harper	Date	Program Budget Manager Mark Hill	Date
---------------------------------------	------	-------------------------------------	------

Department Deputy Director	Date
----------------------------	------

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
----------------------	-----------------------------